

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

BILL OF INFORMATION FOR THEFT OF GOVERNMENT FUNDS

UNITED STATES OF AMERICA

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CRIMINAL NO.

v.

*

SECTION:

**CHRESSYE WALLACE
ROBERT WALLACE**

*

VIOLATION: 18 U.S.C. §641

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The United States Attorney charges that:

COUNT 1 - THEFT OF GOVERNMENT FUNDS (FEMA FLOOD INSURANCE)

A. AT ALL MATERIAL TIMES HEREIN:

1. In about 1999, the defendants, **CHRESSYE WALLACE** and **ROBERT WALLACE**, purchased a house located at 1865-67 N. Roman Street, New Orleans, Louisiana 70116.

2. In or about August 2004, the house located at 1865-1867 N. Roman Street, New Orleans, Louisiana 70116 caught fire and burned to the ground. As a result of the fire, the defendants, **CHRESSYE WALLACE** and **ROBERT WALLACE**, received an insurance settlement in excess of \$54,000, which was used to repay their mortgage.

3. After the fire, the remnants of the house, located at 1865-1867 N. Roman Street, New Orleans, Louisiana 70116, were cleared from the property, and the lot was left vacant.

4. The National Flood Insurance Program (“NFIP”) was a federal program administered and funded by the Federal Emergency Management Agency (“FEMA”), an agency or department of the United States. The NFIP offered flood insurance to homeowners, property renters, and business owners in, among other areas, greater New Orleans. Payments made to an NFIP policy acted as a direct charge on the public treasury.

5. NFIP flood insurance could be purchased through private property and casualty insurance companies and agents that contract directly with FEMA. The terms of policies offered through the NFIP were dictated by FEMA and could not be waived or modified by the private insurance companies. As a result, for purposes of providing NFIP flood insurance, private insurance companies acted as fiscal agents of the United States.

6. State Farm Fire & Casualty Company (“State Farm”) was a private insurance company through which FEMA offered NFIP flood insurance in the New Orleans area.

7. Despite the absence of a physical structure at 1865-1867 N. Roman Street, New Orleans, Louisiana 70116, the defendants, **CHRESSYE WALLACE** and **ROBERT WALLACE**, purchased, paid for, and received NFIP flood insurance through State Farm for 1865-1867 N. Roman Street, New Orleans, Louisiana 70116

8. Hurricane Katrina made landfall in Louisiana on August 29, 2005, and caused widespread damage to the Gulf Coast region of Louisiana, including the New Orleans, Louisiana area.

9. At the time Hurricane Katrina struck Louisiana, there was no structure physically located at 1865-1867 N. Roman St., New Orleans, Louisiana 70116.

10. On or about September 5, 2005, the defendant, **ROBERT WALLACE**, submitted a claim for flood damages resulting from Hurricane Katrina to State Farm based on his NFIP flood insurance policy for 1865-1867 N. Roman Street, New Orleans, Louisiana 70116.

11. On or about October 17, 2005, one of the defendants, **ROBERT WALLACE**, participated in an interview with representatives from State Farm. During the interview, one of the defendants, **ROBERT WALLACE**, verbally completed a Flood Damage Questionnaire confirming that the structure he owned, located at 1865-1867 N. Roman Street, New Orleans, Louisiana 70116, had sustained damage as a result of Hurricane Katrina. In particular, as part of the questionnaire, one of the defendants, **ROBERT WALLACE**, stated that flood waters from Hurricane Katrina had entered his home, located at 1865-1867 N. Roman Street, New Orleans, Louisiana 70116, and reached a height of at least four (4) feet.

12. At the time he made these representations, one of the defendants, **ROBERT WALLACE**, well knew that no house or structure was standing at 1865-1867 N. Roman Street, New Orleans, Louisiana 70116 at the time Hurricane Katrina made landfall.

13. As a result of the representations made by one of the defendants, **ROBERT WALLACE**, on or about on October 25, 2005, the defendant, **ROBERT WALLACE**, received \$72,200 in federal funds from the NFIP, through State Farm.

B. THE OFFENSE OF THEFT OF GOVERNMENT FUNDS

14. From on or about September 25, 2005, through on or about October 25, 2005, in the Eastern District of Louisiana, the defendant, **ROBERT WALLACE**, did knowingly steal, purloin, and convert to his own use money of the Federal Emergency Management Agency, a department or agency of the United States, to which he knew he was not entitled, having a value of \$72,200; all in violation of Title 18, United States Code, Section 641.

COUNT 2 - THEFT OF GOVERNMENT FUNDS (SBA)

A. AT ALL MATERIAL TIMES HEREIN:

1. The allegations of Paragraph A.8 of Count 1 are hereby realleged and incorporated herein in their entirety by reference.

2. During Summer 2005, including August 2005, the defendants, **CHRESSYE WALLACE** and **ROBERT WALLACE**, resided at and used as their primary residence a house located at 3350 Nevada Street, New Orleans, Louisiana 70114, in the Eastern District of Louisiana.

3. During Summer 2005, including August 2005, the defendants, **CHRESSYE WALLACE** and **ROBERT WALLACE**, also owned a single-family residence located at 1223 St. Roch Street, New Orleans, Louisiana 70117, in the Eastern District of Louisiana, which they did not occupy.

4. At the time Hurricane Katrina struck Louisiana, 1223 St. Roch Street, New Orleans, Louisiana 70117 was not the primary residence of either defendant **CHRESSYE WALLACE** or defendant **ROBERT WALLACE**.

5. The United States Small Business Administration (“SBA”) was an agency of the United States of America that provided disaster assistance loans to Hurricane Katrina victims. The SBA was administered and funded by the United States of America.

6. One of the major requirements for receiving grant money from the SBA was that the damaged property be the primary residence of the applicant on August 29, 2005.

7. Before an applicant receives any SBA loan funds, he must participate in a loan closing, where the terms of the loan are determined. After the closing, the SBA typically disburses an initial payment to the loan recipient. For a loan recipient to receive subsequent payments, up to the total amount of the loan for which the recipient was approved, he must submit additional documentation to the SBA. In the case of real estate construction or repair, the additional documentation includes evidence, such as receipts, that funds necessary to complete the construction or repair project have been spent for the repair or replacement of the disaster-damaged real estate.

8. On or about September 20, 2005, in the Eastern District of Louisiana, one of the defendants, **ROBERT WALLACE**, signed his completed application for a loan from SBA, declaring in the application that on August 29, 2005, his primary residence was 1223 St. Roch Street, New Orleans, Louisiana 70117. **WALLACE** submitted the application to the SBA soon thereafter, and the SBA received it on or about September 24, 2005.

9. On or about December 8, 2005, in the Eastern District of Louisiana, the defendant, **ROBERT WALLACE**, attended and completed his closing to obtain his SBA loan. As part of the closing, the defendant, **ROBERT WALLACE**, submitted a completed, signed

Loan Authorization and Agreement attesting that all representations in his Loan application were true, correct, and complete and were offered to induce the SBA to make the loan.

10. As a result of his representations, between on or about on January 18, 2006 and April 26, 2006, the defendant, **ROBERT WALLACE**, received \$50,000 in federal funds from the SBA.

B. THE OFFENSE OF THEFT OF GOVERNMENT FUNDS

11. From on or about September 20, 2005, through on or about April 26, 2006, in the Eastern District of Louisiana, the defendant, **ROBERT WALLACE**, did knowingly steal, purloin, and convert to his own use money of the United States Small Business Administration a department or agency of the United States, to which he knew he was not entitled, having a value of \$50,000; all in violation of Title 18, United States Code, Section 641.

COUNT 3 - THEFT OF GOVERNMENT FUNDS (HUD)

A. AT ALL TIMES MATERIAL HEREIN:

1. The allegations of Paragraph A.8 of Count 1 and Paragraphs A. 2 through A. 10 of Count 2 are hereby realleged and incorporated herein in their entirety by reference.

2. After Hurricane Katrina devastated the New Orleans area, Louisiana, and as a result of legislation passed by the Congress of the United States of America with the approval of the President of the United States, funds were appropriated to the United States Department of Housing and Urban Development (“HUD”) for a Community Development Block Grant (“CDBG”) for Louisiana Hurricane Katrina victims. The purpose of the CDBG was to assist and aid owners of the property damaged or destroyed by Hurricanes Katrina and Rita in August and September 2005. The grant money was disbursed under a program known as the Louisiana Road

Home Program (“LRHP”). The United States Department of Housing and Urban Development prepared the rules and regulations governing the disbursement of grant money throughout the State of Louisiana. The State of Louisiana through the Office of Community Development (OCD), Division of Administration, contracted with ICF International, Inc. to administer the Louisiana Road Home Program.

3. One of the major requirements for receiving grant money from the Louisiana Road Home Program was that the damaged property was the primary residence of the applicant on August 29, 2005.

4. On or about November 8, 2006, the defendants, **ROBERT WALLACE** and **CHRESSYE WALLACE**, submitted a completed application for LRHP funds, declaring in the application that on August 29, 2005, their primary residence was 1223 St. Roch Street, New Orleans, Louisiana 70117.

5. On or about June 12, 2008, in the Eastern District of Louisiana, the defendant, **CHRESSYE WALLACE**, appearing in person within the Eastern District of Louisiana, attended and completed a closing to obtain LRHP grant funds. As part of the closing, the defendant, **CHRESSYE WALLACE**, submitted a completed, signed LRHP Grant Recipient Affidavit stating that his primary residence on the date Hurricane Katrina struck Louisiana was 1223 St. Roch Street, New Orleans, Louisiana 70117.

6. As a result of her representations, from on or about June 24, 2008 through on or about January 29, 2009, one of the defendants, **CHRESSYE WALLACE**, received \$150,000 in federal funds from the Department of Housing and Urban Development Community Development Block Grant disbursed under LRHP. Specifically, the Department of Housing and

Urban Development Community Development Block Grant disbursed approximately \$110,300 directly to the bank account of **CHRESSYE WALLACE** and \$39,700 to a bank account of the SBA to pay down a portion of the pre-existing loan.

B. THE OFFENSE OF THEFT OF GOVERNMENT FUNDS

7. From on or about November 8, 2006 to on or about January 29, 2009, in the Eastern District of Louisiana, the defendant, **CHRESSYE WALLACE**, did knowingly steal, purloin, and convert to her own use money of the United States Department of Housing and Urban Development, a department and agency of the United States, to which she knew she was not entitled, having a value of \$150,000.00; all in violation of Title 18, United States Code, Section 641.

NOTICE OF FORFEITURE

1. The allegations in this Bill of Information are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States of America pursuant to the provisions of Title 18, United States Code, Sections 641 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

2. As a result of the offenses alleged in Counts 1 through 3, the defendants, **ROBERT WALLACE and CHRESSYE WALLACE**, shall forfeit to the United States pursuant to Title 18, United States Code, Sections 641 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461, any and all property, real or personal, which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Section 641. Such property includes, but is not limited to:

a. As to defendant, **ROBERT WALLACE**, at least \$122,200.00 in United States Currency and all interests and proceeds traceable thereto.

b. As to defendant, **CHRESSYE WALLACE**, at least \$150,000.00 in United States Currency and all interests and proceeds traceable thereto.

3. If any of the property subject to forfeiture pursuant to Paragraph 2 of this Notice of Forfeiture, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Sections 641 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461.

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New Orleans, Louisiana
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